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State of Idaho

Legislative Services Office

## Management Report

A communication to the Joint Finance-Appropriations Committee

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## DEPARTMENT OF LABOR

FY 2007, 2008, AND 2009

**Report IC24009**

**Date Issued: November 23, 2010**

*Serving Idaho's Citizen Legislature*



Idaho Legislative Services Office  
Legislative Audits Division

Don H. Berg, CGFM, Manager

## DEPARTMENT OF LABOR

### SUMMARY

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#### **PURPOSE OF MANAGEMENT REVIEW**

We conducted a management review of the Department of Labor covering the fiscal years ended June 30, 2007, 2008, and 2009. Our review covered accounting controls over the Disability Determination Service Division, and a review of the Department of Labor MOU with Group Insurance at the request of the Department.

The intent of this review was not to express an opinion, but to provide general assurance on internal controls and to raise the awareness of management and others of any conditions and control weaknesses that may exist and offer recommendations for improvement.

#### **CONCLUSION**

We did not identify any significant conditions or weaknesses in the program reviewed.

#### **FINDINGS AND RECOMMENDATIONS**

There are no findings and recommendations in this report or the prior report.

#### **AGENCY RESPONSE**

The Department has reviewed the report and is in agreement with its contents.

#### **FINANCIAL INFORMATION**

The following financial data is for informational purposes only.

**DEPARTMENT OF LABOR – FISCAL YEAR 2009**

Fund	Fund Name	Beginning Appropriation/ Cash	Receipts/ Transfers	Expenditures/ Transfers	Ending Appropriation/ Cash
0001	General Fund*	\$724,200	\$0	(\$703,974)	\$20,226
0120	Miscellaneous General Fund	723,937	14,766	(283,671)	455,032
0302	State Employ. Security Admin. & Reim.	4,583,853	3,860,242	(2,478,231)	5,965,864
0303	Employment Security Administration	11,656,107	5,441,378	(3,931,719)	13,165,766
0305	Workforce Development Training	11,810,141	3,508,420	(5,610,721)	9,707,840
0348	Federal (Grant)**	(1,643,519)	63,598,850	(60,597,832)	1,357,499
0349	Miscellaneous Revenue	558,536	2,186,452	(2,342,110)	402,878
0403	Loans and Grants	106,591	0	(106,591)	0
0514	Employment Security Unemploy. Comp.	2,357,795	622,274,582	(618,245,399)	6,386,978
0575	Labor, Wage, and Hour Claims	24,990	126,343	(119,378)	31,955
0577	Labor, Wage, and Hour Escrow	73	(73)	0	0
		<u>\$30,902,704</u>	<u>\$701,010,960</u>	<u>(\$694,419,626)</u>	<u>\$37,494,038</u>

\* Remaining General Fund appropriation at fiscal year end was reverted to the State General Fund.

\*\*A negative cash balance is due to delays in recording federal reimbursements.

This report is intended solely for the information and use of the State of Idaho and the Department of Labor and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Roger Madsen, and his staff.

**ASSIGNED STAFF**

Eugene Sparks, CPA, CGFM, Managing Auditor

Liz Yturralde, CPA, CGFM, In-Charge Auditor

Wade Kimball, Staff Auditor

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## AGENCY RESPONSE

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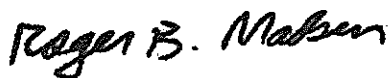
October 21, 2010

Mr. Don Berg, Supervisor  
Legislative Audits  
Legislative Services Office  
Statehouse Mail  
Boise, Idaho

Dear Mr. Berg:

The Idaho Department of Labor concurs with your FY 2007, 2008, and 2009 Report on Financial procedures for the Department. I would like to thank your auditors for their professionalism, patience, and assistance during this audit.

Sincerely,



Roger B. Madsen  
Director

# APPENDIX

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## HISTORY

The Idaho Department of Commerce and the Idaho Department of Labor were merged to form the Idaho Department of Commerce and Labor in fiscal year 2005. The departments were returned to their individual status – the Idaho Department of Labor and the Idaho Department of Commerce – in fiscal year 2007.

The purpose of the merger was to maximize resources, streamline service delivery, and formalize a long-standing partnership between the agencies by linking their economic, community, and workforce development services.

The Department of Labor's 25 local offices became Idaho Commerce and Labor offices, providing Labor with more eyes and ears attuned to economic development opportunities and a more efficient working relationship with local governments.

The merger was reversed to allow the director of the Department of Commerce more time to focus on recruiting and retaining small business, international trade, and specific issues related to economic development activity. By focusing on commerce-related issues entirely, the director has more time to work directly with the Governor on the economic development of the State.

The Department of Labor supports the employment and training needs of Idaho businesses and helps the unemployed find jobs and the underemployed find even better jobs, in conjunction with the campaign to convince existing businesses to expand and lure new business from other states.

## PURPOSE

The mission of the Department of Labor is to connect job seekers with Idaho employers, deliver work force solutions to Idaho businesses, and support people with career and life transitions.

## STATUTORY AUTHORITY

The primary laws under which the Department of Labor operates are:

- Employment Security Law, Title 72, Chapter 13, Idaho Code
- Commission on Human Rights Law, Title 67, Chapter 59, Idaho Code
- Wagner-Peyser Act of 1933, as amended
- Social Security Act of 1935, as amended
- Federal Unemployment Tax Act of 1939, as amended
- Trade Expansion Act of 1962, as amended
- Workforce Investment Act of 1998, as amended

## ORGANIZATION

The director of the Department of Labor is appointed by the Governor. The director ensures compliance with employment security laws and regulations, unemployment insurance, wage and hour laws, and disability determinations as required by the Social Security Act.

The Governor appoints the Workforce Development Council consisting of not more than 33 members from business, industry, education, organized labor, and government agencies. The council is responsible for advising the Governor and the State Board of Education on issues involving work force development, development of statewide employment statistics and labor market information, and any incentive grants under section 503 of the Workforce Investment Act.

The council is also responsible for approving expenditures from what is now the Department of Labor's Special Administration Fund as set forth in Idaho Code, Section 72-1347A; development and oversight of procedures, criteria, and performance measures for the Workforce Development Training Fund established under Idaho Code, Section 72-134 7B; and other duties as the Governor assigns. The Governor appoints the chair and vice-chair from among the private sector members of the council. Council members serve at the pleasure of the Governor, and appointments are for three-year terms.

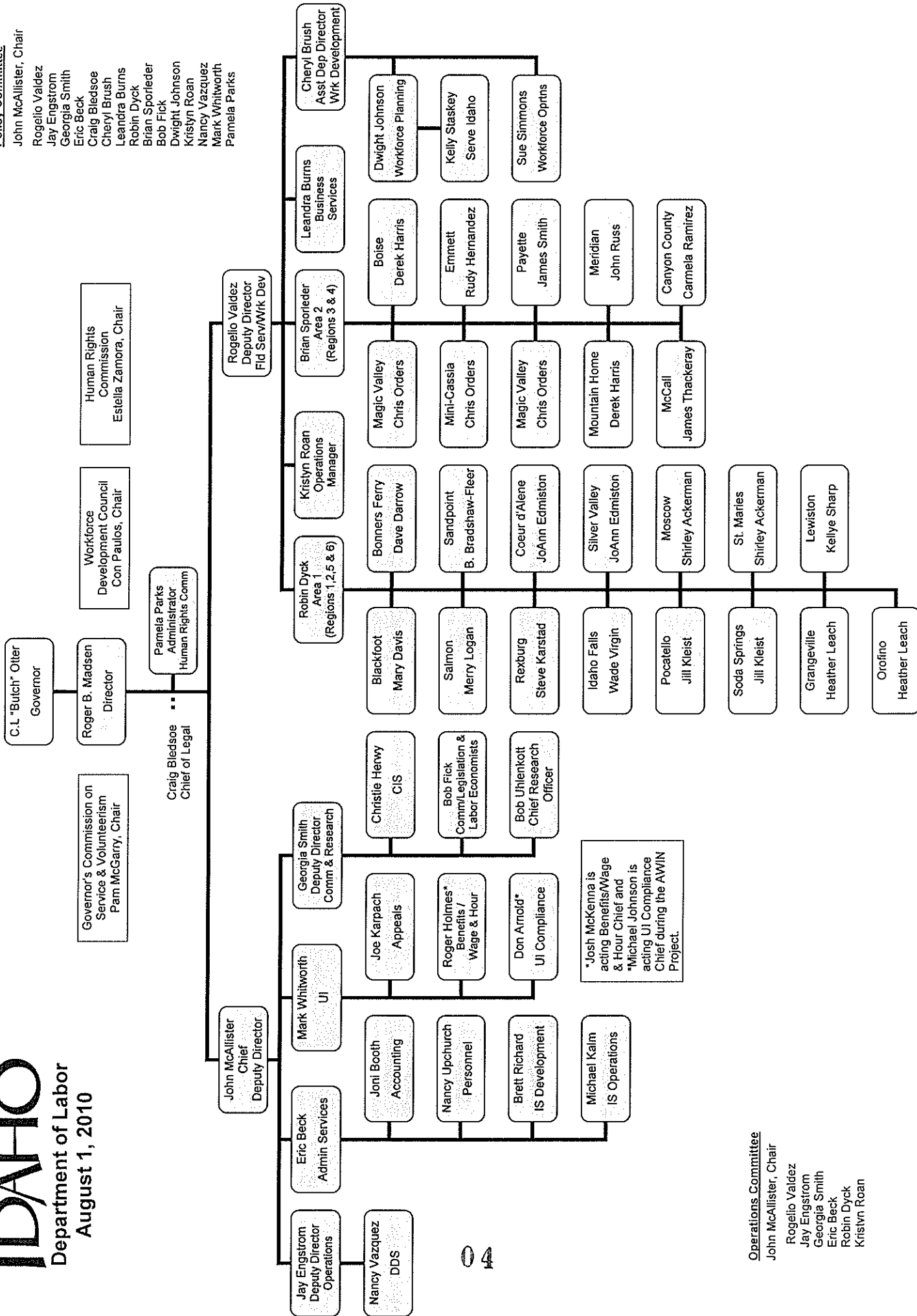
An organizational chart of the Idaho Department of Labor follows.

# IDAHO

## Department of Labor

### August 1, 2010

**Policy Committee**  
 John McAllister, Chair  
 Rogelio Valdez  
 Jay Engstrom  
 Georgia Smith  
 Eric Beck  
 Cheryl Brush  
 Leandra Burns  
 Robin Dyck  
 Brian Sporleder  
 Bob Fick  
 Dwight Johnson  
 Kristyn Roan  
 Nancy Vazquez  
 Mark Whitworth  
 Pamela Parks



**Operations Committee**  
 John McAllister, Chair  
 Rogelio Valdez  
 Jay Engstrom  
 Georgia Smith  
 Eric Beck  
 Robin Dyck  
 Kristyn Roan